

Extended School Year - Post-retirement Employment

Background

The great majority of schools in Washington have a school year that runs from September through June. A handful of schools and school districts have extended school years that end in July – the next fiscal year. Because the school year is defined as the fiscal year in TRS 1, legislation was enacted in 2002 allowing TRS 1 members to use compensation from two extended school years in calculating their retirement benefit. If a TRS 1 retiree returns to work in an extended school year school, they may, by accepting subsequent employment at a school that uses a regular schedule, work beyond the 1,500 hour limit and have their retirement benefit suspended. Their benefit would be resumed when they separated at the end of the contract or school year.

Committee Activity

Presentation:

November 18, 2003 - Full Committee Meeting

Recommendation to Legislature

None

Staff Contact

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Select Committee on Pension Policy

Extended School Year Post-Retirement Employment

(November 10, 2003)

Issue	A TRS 1 retiree returning to work in a district that uses an extended school year schedule might have their benefit suspended if they subsequently work for a school district that uses a regular school year schedule.
Staff	Robert Wm. Baker (360) 586-9237
Members Impacted	There were an estimated 98 TRS 1 members working in extended school year schools who may be impacted by this issue.
Current Situation	<p>TRS 1 retirees may return to work for up to 1,500 hours per school year before their benefits are suspended.</p> <p>There are currently two school districts and 11 schools in other districts that use extended school year schedules. Enrollment in these schools is an estimated 8,000 students.</p>
History	Chapter 31, Laws of 2003, amended the TRS provisions so as to allow the use of extended school year dates in determining a members average final compensation.
Policy	There is no current policy regarding post-retirement employment in extended-year schools.

Illustration

The following figure illustrates how a TRS 1 member could work more than 183 days in a “school year” in a select post-retirement situation. Because the extended school year member would work in July, their contract extends into the subsequent “fiscal year/school year.” In the extended school year school, the member would actually work 175 days in the school year, and in the subsequent regular school the member would work 185 days.

Days per Month by Regular and Extended School Year																							
Fiscal Year / School Year 1												Fiscal Year / School Year 2											
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
Days		Extended School Year											Regular School Year										
		16	17	16	15	19	15	22	17	17	21		5		20	23	17	15	19	15	23	17	20

This could, depending on the actual number of days worked in July and the number of hours in the school year, result in such a member working over 1,500 hours in the subsequent school year as shown in the following illustration. Members who work beyond 1,500 hours per school year in a post-retirement situation will have their retirement benefit suspended. Their benefit would resume the month following their separation from employment.

Hours Analysis Based on 5 Working Days in July and a 183-Day Contract			
Hours per day	Hours per year	Hours in July	Hours in Year 2
8.0	1,464	40	1,504

Stakeholder Input

See attachment

November 10, 2003

Select Committee for Pension Policy

Subject: Extended School Year and Rehirement

Dear Members,

During the 2002 JCPP session it was suggested that by defining "school year" in RCW 41.32.010 the 1500 hour rehire criteria contained in RCW 41.32.570 would be clarified. As a 2003 SCPP agenda item, a refined proposal was submitted to the committee in a letter dated, September 16, 2003. This request included a policy issue dealing with the required waiting period for rehired extended year retirees. The proposal also suggested inserting a direct reference to RCW 28A.150.040 (the controlling statutory definition of "school year") into the current language of RCW 41.32.570 as the means to clarify the 1500 hour provision. This was done to be in keeping with how school year is currently defined within RCW 41.32.013. The proposal concerning the waiting period should remain a distinct item of consideration, even if it has to be deferred along with other policy matters until the 2004 Interim Session. In this light, it is requested that the required waiting period issue be included as a specific proposed policy matter in the forthcoming SCPP Rehire Report.

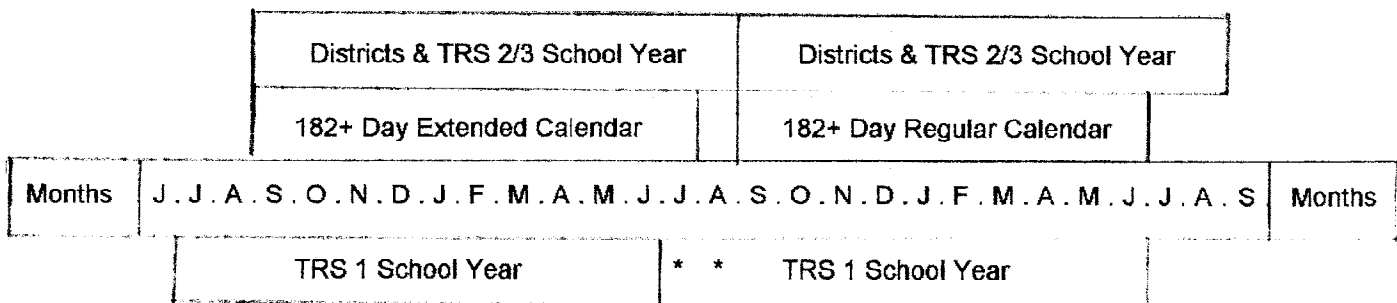
The 1500 hour issue is actually a stand-alone matter that only requires statutory clarification to indicate in which period of time are the hours to be accumulate. To focus on a specific question, the following consideration is posed. What is meant by the reference to "1500 hours per school year"; is it intended to be the DRS fiscal year or the district's school year? Comments for further consideration of this issue, along with the waiting period issue, are summarized below.

There is a one calendar month waiting period currently required before an active TRS 1 teacher can rehire as a retiree. This requirement does not present a problem for teachers who retire out of a regular calendar (Sep-Jun) school. These teachers are allowed to participate in the August hiring process and be hired without penalty because July is the waiting period. However, teachers who work in extended calendar schools normally do not complete their contract employment until sometime in July. Their required waiting period must be August. These teachers can not participate in the hiring process that would allow for a full year of employment as a rehiree unless they accept the waiting period penalty. This proposal would allow the extended year retirees to have the same statutory access for rehire as the regular year retirees by being exempted from the required one month waiting period. The waiting period would be waved only if the retiree completed the entire employment contract which required the final year of active service to be extended into July. Even though it applies to a relative small portion of the TRS 1 membership, this issue is a fairness and equality matter that merits corrective action,

A TRS 1 teacher (active or retired) who works during July, as a full-time teacher or short-term replacement in an extended year school, can have their June retirement benefit suspended if they subsequently rehire to work the following full school year in a regular year school. This is an unintended consequence that occurs because DRS currently uses its fiscal year period (Jul-Jun) to administer the 1500 hour limitation. This requires the total hours of

one full school year (Sep-Jun) to be combined with the hours from an extra month (July) from the previous school year to determine if the 1500 hours have been exceeded (See the Hours Analysis table below). Are the 1500 hours intended to accumulate during the actual employee/employer school year; or must the accumulation period be in concert with the DRS fiscal year? DRS currently administers this provision via WAC 415-112-541, which interprets the intent to be based on the DRS's fiscal year. Clarification of the statutory intent is being sought because school year is not currently defined in RCW 41.32.010. The proposal suggests that the limitation is intended to be based on the district's school year. The proposed solution requests that a direct reference to RCW 28A.150.040 be inserted into the current language of RCW 41.32.570. This would mirror how school year is statutorily defined in RCW 41.32.013; and would require only a simple clarifying revision to the rehire statute. The revision language could be "...1500 hours in a school year, as defined in RCW 28A.150.040". This is not a policy matter, it is a clarification matter; and it is requested that recommended action be approved by the SCPP this year.

The graphic presented below reflects the relationship of the applicable time periods that apply to this situation, and depicts time lines over a two year period.



Note: * Indicates the period of time (Jul & perhaps Aug) that is in question

The table below reflects the actual circumstance that would apply if the full year of employment were to occur in a school districts that has an extended year program. It should be noted that it is based on actual data that would apply to the current 2003-2004 school year.

**Hours Analysis Based on 15 Work Days* in July 2003
and For 182** Work Days & 186** Work Days in the 2003 - 2004 School Year**

Hours per Day	WA State** Hours per Year	District** Hours per Year	July* Hours	TRS 1 School Year Hours
8.0	1456	1488	120.0	1576 & 1608
*7.5	1365	1395	112.5	1477.5 & 1507.5
7.0	1274	1202	105.0	1370 & 1407

Notes: * Most districts' require a 7.5 hour work day, and FWSD (a typical district) required 15 work days in July '03
 ** WA St requires 182 days & districts can specify additional days; FWSD will have 186 paid days in '03-'04

The statutory **1500** hour limit is exceeded, as indicated above, only if the DRS school year is utilized. It requires the July hours from one district school year to be combined with the total hours of the following district school year. The 1500 hour limitation accommodates all of the district's work days with some slack hours left over. However, the 1500 hours limit should not be expected to accommodate the additional July work days. The 1500 hour limit should be based on the district school year; not the DRS fiscal year, as currently required by the WAC rule.

The above considerations have been presented to the Committee in an effort to be proactive to insure that the State's extended school year teachers' unique circumstances are adequately and fairly addressed within the TRS provisions. Action by the Committee on these matters will enable these teachers to have access to the same statutory provisions that are intended for the majority of the TRS 1 members, the regular school year teachers.

Please except this letter as written testimony since it is intended to reduce the verbal commentary during the time allowed for public input. I will be available to respond to any questions during the scheduled November 18 SCPP meeting. Thank you for the time reviewing this input and any discussion that may ensue.

Respectfully,

A handwritten signature in black ink that reads "Bobby J. Woolley". The signature is written in a cursive style with a large, stylized "B" and "W".

Bobby J Woolley